

House Study Bill 118 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON COWNIE)

A BILL FOR

1 An Act making cross-subsidization prohibitions inapplicable to
2 certain public utility rates or charges.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 476.78, Code 2015, is amended to read as
2 follows:

3 **476.78 Cross-subsidization prohibited.**

4 A public utility shall not directly or indirectly include
5 any costs or expenses attributable to providing nonutility
6 service in regulated rates or charges. Except for ~~contracts~~
7 ~~existing as of July 1, 1996,~~ with respect to rates applicable
8 to installation, service, repair, or equipment sales in
9 cities or unincorporated villages with a population of ten
10 thousand or less according to the most recent federal decennial
11 census, a public utility or its affiliates shall not use
12 vehicles, service tools and instruments, or employees, the
13 costs, salaries, or benefits of which are recoverable in the
14 regulated rates for electric service or gas service to install,
15 service, or repair residential or commercial gas or electric
16 heating, ventilating, or air conditioning systems, or interior
17 lighting systems and fixtures; or to sell at retail heating,
18 ventilating, air conditioning, or interior lighting equipment.
19 For the purpose of this section, "*commercial*" means a place of
20 business primarily used for the storage or sale, at wholesale
21 or retail, of goods, wares, services, or merchandise. Nothing
22 in this section shall be construed to prohibit a public utility
23 from using its utility vehicles, service tools and instruments,
24 and employees to market systems, services, and equipment, to
25 light pilots, or to eliminate a customer emergency or threat
26 to public safety.

27 **EXPLANATION**

28 The inclusion of this explanation does not constitute agreement with
29 the explanation's substance by the members of the general assembly.

30 This bill modifies provisions relating to the prohibition on
31 cross-subsidization of public utility rates or charges.

32 Currently, a public utility or its affiliates is prohibited
33 from recovering in the regulated rates for electric service or
34 gas service the costs applicable to vehicles, service tools and
35 instruments, and the salaries and benefits of employees, to

1 install, service, or repair residential or commercial gas or
2 electric heating, ventilating, or air conditioning systems, or
3 interior lighting systems and fixtures; or to sell at retail
4 heating, ventilating, air conditioning, or interior lighting
5 equipment. This prohibition is expressly inapplicable to
6 contracts which existed as of July 1, 1996.

7 The bill deletes the exception for contracts which existed
8 as of July 1, 1996, and instead provides an exception from the
9 prohibition for rates applicable to installation, service,
10 repair, or equipment sales in cities or unincorporated villages
11 with a population of 10,000 or less according to the most
12 recent federal decennial census.